



# Doncaster Council

## Report

---

Date: 5 November 2019

To the Chair and Members of the  
**CABINET**

### **GENERAL FUND CAPITAL RECEIPTS - PROGRAMME UPDATE**

<b>Relevant Cabinet Member(s)</b>	<b>Wards Affected</b>	<b>Key Decision</b>
Councillor J Blackham	All	Yes

### **EXECUTIVE SUMMARY**

1. This report provides a half-way point programme review and update of the Council's General Fund Capital Receipts asset disposal programme to support the ambitions of the Councils Capital Programme.
2. This report provides a schedule of assets sold to date within the programme noted within Appendix 1 to this report and also includes a recommendation for the disposal of additional named land assets for disposal.

### **EXEMPT REPORT**

3. This report is not exempt, however Appendix 2 to this report is not for publication as it contains details of commercial interests which are exempt under Paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended

### **RECOMMENDATIONS**

4. Strategic Asset Management are authorised to action the disposal of new assets identified for disposal as part of a managed four year disposal programme.
5. Cabinet delegates to the Property Officer power to authorise the terms of disposal for sale prices of greater than £1m of those properties within the capital programme provided that the disposal is not for less than estimated value of the properties contained in the capital programme.

## WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

6. The sale of Council property assets will generate new property developments for the borough, both commercial and housing. New developments will generate growth in the local economy and create and support local jobs through development and associated local infrastructure. Future Council revenues will be supported from new development by the creation of additional Business Rates and Council Tax from sites as they are developed.
7. The Council will further benefit financially from capital receipts released from the sale of property assets which will directly enable the delivery of the Councils Capital Programme for the remainder of the four year Capital Programme and beyond.

## BACKGROUND

8. Doncaster Council agreed at its Cabinet meeting of 19 September 2017 to a 4 year Capital Programme to deliver a range of schemes to support service delivery and strengthen local communities within the borough. This programme relies for its funding on the release of capital receipts from the sale/disposal of property assets held by the Council.
9. The Councils Capital Programme is funded from the disposal of assets. This report notes the progress of a programme of planned property disposals that aligns with the ambitions of the Capital Programme in terms of timescales and projected receipts from property sales.
10. **WITHOUT A SERIES OF DISPOSALS OF COUNCIL PROPERTY ASSETS TO GENERATE CAPITAL RECEIPTS THE CAPITAL PROGRAMME CANNOT BE DELIVERED AND ADDITIONAL BENEFITS TO THE COUNCIL OF COUNCIL TAX AND BUSINESS RATES REVENUES WILL NOT BE GENERATED**
11. The delivery of the programme over the first two years has reflected a series of challenges anticipated at the time of the programmes initial reporting and approval, including;
  - Phasing of site marketing to provide a continual release of assets to the market without providing over supply in any specific locale,
  - Reflecting the development of the Councils Local Plan during this period and;
  - Challenges experienced from market conditions and site-specific matters.
12. These challenges have led to the delay in delivery of selected disposals against the anticipated target date for sale and thus receipts to support the Capital Programme. Delays that have been experienced have predominantly reflected specific site conditions and related factors established once a developer has committed to a detailed study of the asset. As these investigations are specific to the development/developer they are not possible to accurately predict. To mitigate these delays dialogue is established with developers at an early stage and progress closely monitored to ensure all issues are identified and addressed as soon as they occur.

13. Alongside the recognition and reflection of these issues in the delivery of the plan, officers have provided assurance through the marketing process via the provision of Planning Briefs to larger disposals and timely reporting and purchaser/developer dialogue to mitigate time delays in what can be a protracted process for larger scale development sites.
14. As part of the disposal process and in line with Cabinet's recommendations at the outset of this programme, ward member consultation takes place prior to any new disposal recommendation.
15. Over the period of the programme to date 45 assets have been disposed of with a total value to the Capital Programme of £6,095,450 and are expected to provide over 90 new homes and a range of commercial development. A further 10 properties are currently under offer with a combined value of circa £16m. These disposals include a series of residential development sites anticipated to provide circa 700+ new homes for the borough and its residents. The remainder of the programme will generate additional further land for development for over 135 new homes and more commercial space, supporting economic development, opportunities for new homes for Doncaster residents and jobs and business growth within the local supply chain.
16. As part of its activities to review available land and property assets for potential sale and to support development of the local economy, Strategic Asset Management have secured further sites for disposal and development to both support the Councils Capital Programme and create further investment and regeneration opportunities;
17. **Hungerhill, Edenthorpe:** This site, amounting to approx. 51.65 acres was granted outline planning permission for the residential development of up to 542 dwellings on 29th May 2019. A new access roadway from Doncaster Road is under construction and a Design Guide for developers is being prepared in advance of marketing.
18. **College Road Doncaster:** Provisional terms have been agreed with South Yorkshire Police for the development of a new Police Station and Custody Suite on this site (2.7 Acres), representing SYPs commitment to a high quality and modern facility for Doncaster and a long-term investment in the borough. Development is anticipated to commence in 2020.
19. **Windhill, Mexborough:** An opportunity exists to dispose of this site, amounting to 8.23 acres for the development of a mix of housing types and tenures to support a range of housing opportunities for residents.
20. **Land at Lakeside Doncaster (Plot 4b):** Previously allocated for Educational purposes, a future disposal of this site (5.96 Acres) will complete the release of Lakeside plots as part of the original masterplan for this part of Doncaster.
21. A schedule of assets disposed of to date as part of this programme is attached in Appendix 1. This schedule includes assets identified for sale within the existing scheme of delegation since the date of the approval of this programme in 2017. The process for an approved disposal via this route mirrors that of items requiring Cabinet approval in that ward member consultation takes place prior to any new disposal recommendation, and is approved by Cllr Blackham as Cabinet member and Portfolio holder for

property transactions.

## OPTIONS CONSIDERED

22. Do nothing – not recommended as the current policy does not sufficiently address the concerns of community groups.
23. Note progress made to date in the delivery of the General Fund Capital Receipts Programme and approve the further disposal of named assets within this report and as noted in Appendix 1 – this is the recommended option.

## REASONS FOR RECOMMENDED OPTION

24. A continuation of the existing planned approach to the disposal of assets will increase certainty in decision making in the Councils Capital Programme. Without asset disposals to support its activities the Capital Programme cannot be delivered, resulting in the delay or non-delivery of a range of projects requiring capital investment and thus negatively impacting on the Councils Key Outcomes.
25. The additional Council Tax and Business Rates revenues generated from the development of sites as they are disposed of supports the future of essential Council services.

## IMPACT ON THE COUNCIL'S KEY OUTCOMES

26. The additional Council Tax and Business Rates revenues generated from the development of sites as they are disposed of supports the future of essential Council services.

	<b>Outcomes</b>	<b>Implications</b>
	<p><b>Doncaster Working:</b> Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> <li>• Better access to good fulfilling work</li> <li>• Doncaster businesses are supported to flourish</li> <li>• Inward Investment</li> </ul>	<p>Releasing assets to support the development of new property in Doncaster will show a firm commitment to the economic growth and regeneration of the Borough.</p> <p>The generation of new Council Tax and Business Rates revenues helps protect vital Council service into the future.</p>
	<p><b>Doncaster Living:</b> Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> <li>• The town centres are the beating heart of Doncaster</li> <li>• More people can live in a good quality, affordable home</li> </ul>	<p>Through the generation of long term sustainable revenues from new Business Rates and Council Tax new development will help reduce pressure on budgets and support future service delivery.</p> <p>The disposal of larger sites within the proposed programme creates a positive opportunity for development to support local</p>

	<ul style="list-style-type: none"> <li>• Healthy and Vibrant Communities through Physical Activity and Sport</li> <li>• Everyone takes responsibility for keeping Doncaster Clean</li> <li>• Building on our cultural, artistic and sporting heritage</li> </ul>	<p>infrastructure (e.g. schools) to ease local pressures and support local communities.</p>
	<p><b>Doncaster Learning:</b> Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> <li>• Every child has life-changing learning experiences within and beyond school</li> <li>• Many more great teachers work in Doncaster Schools that are good or better</li> <li>• Learning in Doncaster prepares young people for the world of work</li> </ul>	<p>The disposal of larger sites within the proposed programme creates a positive opportunity for development to support local infrastructure (e.g. schools) to ease local pressures and support local communities.</p>
	<p><b>Doncaster Caring:</b> Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> <li>• Children have the best start in life</li> <li>• Vulnerable families and individuals have support from someone they trust</li> <li>• Older people can live well and independently in their own homes</li> </ul>	<p>The development of enhanced communities via new homes and developments from the sale of Council assets supports best outcomes for residents across the age spectrum and helps deliver new and better opportunities for quality homes for Doncaster residents.</p> <p>Releasing assets to support the development of new property in Doncaster will show a firm commitment to the economic growth and regeneration of the Borough, supporting and improving the built environment in local communities.</p> <p>Through the generation of long term sustainable revenues from new Business Rates and Council Tax new development will help reduce pressure on budgets and support future service delivery.</p>
	<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and</li> </ul>	<p>The managed disposal of property assets shows a proactive stance for the Council to generate both receipts and future revenues and create new opportunities for development in the current and future environment.</p>

	aspirations of residents <ul style="list-style-type: none"> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	
--	---	--

## RISKS AND ASSUMPTIONS

- 27. A failure to secure the disposal of the assets noted in this report will prevent the delivery of the Councils capital programme.**
28. The Council's Capital Programme ambitions are directly reliant on the ability to generate receipts from the sale of property assets. To meet these ambitions a four year disposal programme has been devised to match the life of the Capital Programme.
- 29. Rigidity in a 'fixed' disposal programme which does not allow for changes in market conditions and issues relating to the disposal of individual assets.**
30. The programme of disposal 'events' is not fixed and thus allows the flexibility to move disposals within the programme to allow for the risk of delay in the disposal of assets elsewhere.
- 31. Failure to dispose of assets in accordance with the timescales set out in the programme plan and thus achieving sales receipts**
32. The initial two years of the programme have reflected a positive objective to 'front load' larger disposals where appropriate to reflect the nature of the disposal process for larger scale residential developments and the time that this can take. It should be noted as an inherent risk that the nature of property disposal where development is an outcome is that the pre development planning and due diligence stage by a developer is very much dependent on the particular circumstances of the individual asset – for example site conditions. The programme will continue to be managed to mix the type and size of sites for disposal to mitigate risks associated with dependence on single large asset disposals so as to create a steady flow of transactions through the programme period.

## LEGAL IMPLICATIONS [Officer Initials AB Date 02.10.19]

33. The Council has statutory power under S123 of the Local Government Act 1972 to dispose of non-housing/non-HRA land without the Secretary of State's consent for the best consideration reasonably obtainable. It is presumed that the disposals will be for full market value but if any of the disposals are for less than the best consideration reasonably available then the Secretary of State's consent will be required for the disposal. Individual disposals will require future approvals the Council's Property Officer has authority to dispose of land at the market value stated in the Capital Programme without Cabinet approval. Disposals with prices over £1million

and at less than the estimated value will require Cabinet approval.

34. If any of the land is currently used for the purposes of public recreation and therefore classed as open space for the purposes of s.123 of the Local Government Act 1972 then before it can be sold or leased the Council would be obliged by s.123 to place notification of the proposed disposal in two consecutive editions of a local newspaper and to consider any objections or comments received within 21 days of the date of first publication of the notification.

#### **FINANCIAL IMPLICATIONS [Officer Initials RS Date 01.10.19.]**

35. There are numerous capital schemes which are to be funded fully or partially by capital receipts. To be able to plan appropriately it is essential the Council has a disposal scheme in place in order to sell assets to generate the required capital receipts. The assets included within the appendices of this report are additional to the assets that have been approved for disposal already. Even though they are yet to be approved the amount of the proposed sales values are included within the estimated capital receipts total for the next four years. There is currently a shortfall in 2019/20 and 2020/21.
36. In April 2019 it was projected sale receipts of £41.5m would be achieved over the next two years. As of September, this total has fallen to £37.4m resulting in a shortfall of £4m. Based on the current capital programme there would be a surplus of capital receipts by 2021/22.
37. It is essential that the assets contained within the report are approved for sale as their totals are already included within the capital receipt estimates and if not approved would cause the shortfall position to worsen.
38. Due to the shortfall it will become necessary to either finance the current capital schemes through borrowing or postpone the start of or cancel them. If borrowing is used this would cause an extra pressure on the revenue budget due to the interest costs incurred. For each £1m borrowed around £65k normally needs to be added to the Council's revenue budget to repay borrowing and interest (based on borrowing through Public Works Loan Board for 25 years). This would need to be funded through the identification of additional budget savings

#### **HUMAN RESOURCES IMPLICATIONS [Officer Initials CR Date 02.10.19]**

39. There are no HR implications to this report.

#### **TECHNOLOGY IMPLICATIONS [Officer Initials PW Date 02.10.19]**

40. There are no anticipated technology implications in relation to the proposed disposal of assets contained within appendix 1 of this report. Where other property assets are identified for sale during the lifetime of the 4 year programme, ICT must continue to be consulted to consider any arising technology implications. .

#### **HEALTH IMPLICATIONS [Officer Initials CHen Date 01.10.19]**

41. The choices the council makes in both raising and allocating capital budgets will affect the health of the population. The release of capital receipts from the

sale/disposal of property assets held by the Council can provide opportunities to improve the conditions and circumstances in which our residents live, work and play.

42. Where ever possible Doncaster Council should seek innovative use of social value requirements in land disposal to maximise the potential to improve local health outcomes by supporting the environment, building stronger communities, and strengthening local sustainable economies. It would be beneficial if social value requirements are set early in the stages of land disposal to help ensure that decisions such as the primary use for the site or the masterplan are influenced and the health implications are considered.

#### **EQUALITY IMPLICATIONS [Officer Initials DS Date 28.10.19]**

43. Any proposed use of Doncaster Council's land and property assets should ensure extensive reach into the community and be open to all.

#### **CONSULTATION**

44. Portfolio holder Cllr Blackham has been informed of the proposal and supports the proposal to bring forward sites for disposal
45. Ward members have been consulted on the assets included within the programme in Appendix 1. All future asset disposals added to the programme will involve ward member consultation prior to a recommendation for sale.

#### **BACKGROUND PAPERS**

46. Cabinet Report 19 September 2017 (General Fund Capital Receipts Programme)

#### **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

#### **REPORT AUTHOR & CONTRIBUTORS**

David Stimpson, Property Manager  
Strategic Asset Management  
01302 737363  
[david.stimpson@doncaster.gov.uk](mailto:david.stimpson@doncaster.gov.uk)

**Peter Dale**  
**Director of Economy & Environment**